

Message Text

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PAGE 01 SAN JO 01162 212129Z
ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 L-03 H-01 CIAE-00 INR-07
NSAE-00 SS-15 NSC-05 AID-05 EB-08 OMB-01 TRSE-00
COME-00 AGRE-00 SIL-01 LAB-04 /063 W
-----220327Z 029288 /63
R 212100Z MAR 77
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 6779
INFO AMEMBASSY BOGOTA

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E.O. 11652: N/A
TAGS: EPAP, ECON, CO, CS
SUBJECT: LOPEZ MICHELSEN ON COFFEE PRICES

1. SUMMARY. PRESIDENT LOPEZ MICHELSEN OF COLOMBIA, IN CLARIFICATION OF PRESS REPORTS, EXPRESSES CONCERN OVER POLITICAL CONSEQUENCES OF ANY FUTURE DRASTIC FALL OF COFFEE PRICES. END SUMMARY.
2. AT PRESIDENT LOPEZ MICHELSEN'S MARCH 18 DINNER IN HONOR OF PRESIDENT ODUBER, CHARGE QUERIED LOPEZ OVER REPORTS THAT EARLIER IN DAY WHILE VISITING GOCR COFFEE INSTITUTE HE HAD PUBLICLY WARNED USG OVER POLITICAL CONSEQUENCES OF US CONSUMER BOYCOTT OF COFFEE. LOPEZ HAD BEEN QUOTED AS STATING THAT USG "SHOULD STOP PLAYING WITH FIRE IF IT DOES RB WANT TO HAVE ONE AT ITS DOORS" AND THAT LATIN AMERICA SHOULD "OPEN THE EYES OF THE US" RE ITS LEGITIMATE COFFEE INTERESTS.
3. LOPEZ REPLIED THAT HE HAD INTENDED NO WARNING TO THE US WITH RESPECT TO THE CONSUMER BOYCOTT WHICH HE THOUGHT WAS INEFFECTIVE IN ANY EVENT AND INCONSEQUENTIAL AS PRICE DETERMINANT. WHAT HE HAD INTENDED TO POINT OUT WAS THAT AMONG COFFEE-IMPORTING NATIONS, US STOOD TO LOSE MOST SHOULD COFFEE

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PAGE 02 SAN JO 01162 212129Z

PRICES TAKE STEEP PLUNGE FROM PRESENT LEVELS OVER NEXT SEVERAL YEARS.

4. LOPEZ SAID THAT NOBODY COULD EXPECT COFFEE PRICES TO REMAIN AT PRESENT LEVELS FOREVER. EVENTUALLY THEY WOULD HAVE TO DECLINE AND HE WAS CONCERNED OVER HOW FAST AND HOW FAR THEY

MIGHT DECLINE ONCE THAT PROCESS STARTS. HE SAID THAT ALL FOURTEEN OF LATIN AMERICAN COFFEE-PRODUCING NATIONS HAD PASSED ON A SIGNIFICANT SHARE OF HIGHER COFFEE EARNINGS TO COFFEE WORKERS IN FORM OF WAGE INCREASES. SUCH WAGE INCREASES WERE IRREVERSIBLE. SHOULD PRICES IN THE FUTURE FALL TO A LEVEL WHICH WOULD NOT PERMIT CONTINUATION OF PRESENT COFFEE-WORKER WAGE SCALES, THE POLITICAL REPERCUSSIONS IN THE PRODUCING COUNTRIES COULD BE DEVASTATING. HE SAID THAT WHILE US IS NOT RESPONSIBLE ALONE FOR COFFEE PRICE LEVELS IN THE BUYERS MARKET, US WOULD SUFFER MOST FROM THE KIND OF POLITICAL UNREST AND UPHEAVAL THAT COULD BE TOUCHED OFF IN THE FOURTEEN LATIN PRODUCING NATIONS BY A DRASTIC AND DRAMATIC FALL OF PRICES FROM THEIR CURRENT LEVELS. THUS, US POLITICAL AND SECURITY INTERESTS IN LATIN AMERICA, AS WELL AS THE INTERESTS OF OTHER DEMOCRATIC FORCES IN LATIN AMERICA, WOULD BE SERIOUSLY AFFECTED BY A SUDDEN, SHARP DECLINE IN COFFEE PRICES.

5. PRESIDENT SAID THIS WAS WHAT HE INTENDED TO SAY AT THE COFFEE INSTITUTE. SINCE PRESS HAD MISINTERPRETED HIS REMARKS, LOPEZ MICHELSEN THANKED CHARGE FOR RAISING QUESTION AND THUS PROVIDING HIM WITH THE OPPORTUNITY TO MAKE CLARIFICATION. KILDAY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
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Sent Date: 21-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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Format: TEL
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Handling Restrictions: n/a
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TAGS: EPAP, ECON, ETRD, CO, CS, US, (LOPEZ MICHELSEN, ALFONSO)
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